

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

FINANCIAL HIGHLIGHTS JUNE 30, 2005

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS

June 30, 2005

Balance Sheet:

Due from Credit Unions — of \$0.2 million represents the amount of one percent deposit adjustments due from credit unions on April 15, 2005.

Recoveries From Liquidated Credit Unions — balance decreased by \$942 thousand due primarily to a bond claim recovery on a liquidated credit union.

Interest Receivable — net increase of \$5.2 million is due to a combination of \$13.0 million in accrued interest earned in June and payments of \$7.8 million received by the NCUSIF in June.

Prepaid & Deferred Charges — is \$0.2 million for June. \$7.0 million was transferred to the operating fund to cover 57% of the agency's operating costs. June's actual operating costs were \$6.8 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Provision for Credit Union Losses (Reserves) — of \$69.7 million includes additional reserves of \$513 thousand for June.

NCUSIF Equity — decreased to 1.25% for June. The equity ratio is based upon an insured share base of \$517.5 billion for June 30, 2005.

Statement of Revenue and Expense:

NCUSIF Total Operating Expense — of \$7.0 million includes \$186 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$513 thousand for June. This increase is for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS	JUNE 2004	MAY 2005	JUNE 2005
Investments:			
U.S. Government Securities	\$6,162,108,178.43	\$6,434,728,716.72	\$6,439,614,702.08
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
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Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	266,790.55	725,015.91	159,497.79
Loans due to NCUSIF	4,495,917.94	7,344,577.92	6,780,910.69
Recoveries from Liq. CU	14,641,768.40	22,570,809.62	21,628,486.98
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Total Other Receivables	19,404,476.89	30,640,403.45	28,568,895.46
Cash	3,284.03	6,388.35	5,549.89
Interest Receivable	53,729,414.00	34,127,650.95	39,359,953.46
Prepaid & Deferred Charges	495,805.59	526,973.85	220,857.45
Leased Assets	723,941.07	378,863.87	309,810.73
Other	25,815,947.63	24,585,654.94	24,473,810.15
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TOTAL ASSETS	\$6,262,281,047.64	\$6,524,994,652.13	\$6,532,553,579.22
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$13,316,051.35	\$16,161,532.69	\$15,927,353.39
Other	174,941.44	12,091.70	0.00
Check Clearing Accounts	2,453.03	17,990.73	1,832.86
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	13,493,445.82	16,191,615.12	15,929,186.25
Provision for CU Losses (Reserves)	86,909,407.25	69,596,597.62	69,734,002.04
Lease Liabilities	731,374.48	315,746.14	316,202.79
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TOTAL LIABILITIES	\$101,134,227.55	\$86,103,958.88	\$85,979,391.08
EQUITY			
CU Contributed Capital	\$4,779,763,357.64	\$4,998,862,182.36	\$5,000,203,960.10
Retained Earnings	1,381,383,462.45	1,440,028,510.89	1,446,370,228.04
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TOTAL EQUITY	\$6,161,146,820.09	\$6,438,890,693.25	\$6,446,574,188.14
TOTAL LIABILITIES & EQUITY	\$6,262,281,047.64	\$6,524,994,652.13	\$6,532,553,579.22
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending June 30, 2005

	JUN 04	MAY 05	JUN 05
1. Investments/Total Assets	98.40%	98.62%	98.58%
2. Total Equity/Insured Shares	1.24%	1.29%	1.25%
3. Prov. for Losses/CU Capital	1.82%	1.39%	1.39%
4. Non-Earning/Total Assets	1.19%	1.01%	1.05%
5. Available Asset Ratio	1.21%	1.26%	1.22%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING JUNE 30, 2005

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2005	CY TO DATE BUDGETED 2005	CY TO DATE 2004
Investment Income	\$13,732,902.46	\$11,500,000.00	\$75,891,990.06	\$69,000,000.00	\$61,468,945.82
Other Income	87,218.03	44,000.00	316,693.83	\$264,000.00	262,800.98
Total Income	13,820,120.49	11,544,000.00	76,208,683.89	69,264,000.00	61,731,746.80
EXPENSE					
Employee Pay	\$3,997,571.19	4,309,162.34	\$23,276,564.08	25,277,622.20	24,410,423.39
Employee Benefits	\$1,036,858.97	1,113,039.49	\$6,090,965.64	6,533,431.89	6,177,426.81
Employee Travel	\$643,722.21	608,897.60	\$2,785,936.81	3,653,385.61	2,899,824.45
Rent/Communications/Utilities	\$218,830.89	186,679.74	\$1,008,922.71	1,120,078.47	1,284,875.71
Administrative Costs	\$563,277.44	498,672.47	\$3,046,728.67	2,992,034.79	2,511,321.09
Contracted Services	\$318,881.85	393,604.84	\$1,354,025.95	2,361,629.06	1,472,521.38
Subtotal NCUA Operating Exp.	6,779,142.55	7,110,056.48	37,563,143.86	41,938,182.03	38,756,392.83
AMAC Expense	8.57	1,589.33	312.82	9,535.98	29,804.47
Training Expense	113,405.62	90,000.00	407,278.68	540,000.00	456,970.69
Leasing Expense	69,509.79	35,000.00	209,677.82	210,000.00	213,322.14
Other Insurance Expense	3,170.81	3,500.00	17,271.73	21,000.00	17,572.30
Total Operating Exp.	6,965,237.34	7,240,145.81	38,197,684.91	42,718,718.01	39,474,062.43
Insurance Loss	513,166.00	1,500,000.00	7,805,028.49	9,000,000.00	9,668,375.55
Total Expense	7,478,403.34	8,740,145.81	46,002,713.40	51,718,718.01	49,142,437.98
NET INCOME	\$6,341,717.15	\$2,803,854.19	\$30,205,970.49	\$17,545,281.99	\$12,589,308.82
Retained Earnings, Beginning of Year			\$1,416,164,257.55		\$1,368,794,153.63
Prior Year Adjustment			0.00		0.00
As Restated			1,416,164,257.55		1,368,794,153.63
Net Income			30,205,970.49		12,589,308.82
Dividends			1,446,370,228.04		1,381,383,462.45
Retained Earnings, Year To Date			\$1,446,370,228.04		\$1,381,383,462.45

Comparative Analysis of NCUSIF Ratios for June 30, 2005

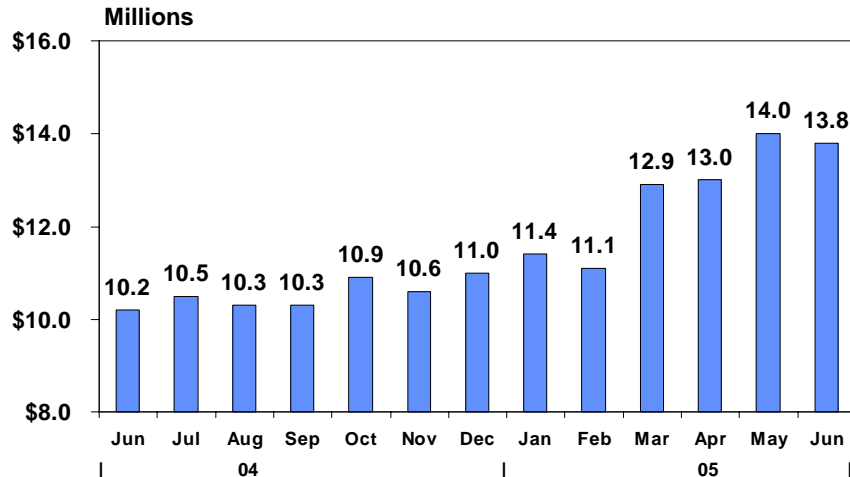
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	46.66%	50.40%	63.94%	50.12%
2. Ins. Loss/Total Income	0.42%	3.71%	15.66%	10.24%
3. Total Exp./Total Income	47.08%	54.11%	79.61%	60.36%
4. Net Income/Total Income	52.92%	45.89%	20.39%	39.64%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
June 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$74,778,004.44
Other income received	316,693.83
Cash paid for operating expenses	(39,507,831.31)
Net cash (paid) received for insurance losses	<u>(12,650,007.11)</u>
Net cash provided by operating activities	22,936,859.85
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(82,066,802.84)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>671,068.74</u>
Net cash provided by (used in) investing activities	(81,395,734.10)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	58,459,021.13
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	58,459,021.13
NET INCREASE (DECREASE) IN CASH	146.88
CASH, BEGINNING OF YEAR	5,403.01
CASH, ENDING JUNE 30, 2005	<u><u>\$5,549.89</u></u>

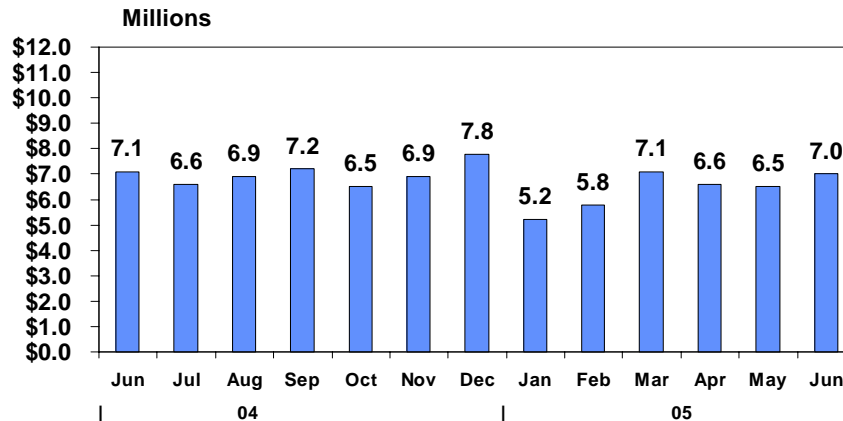
GROSS INCOME

June 04 – June 05



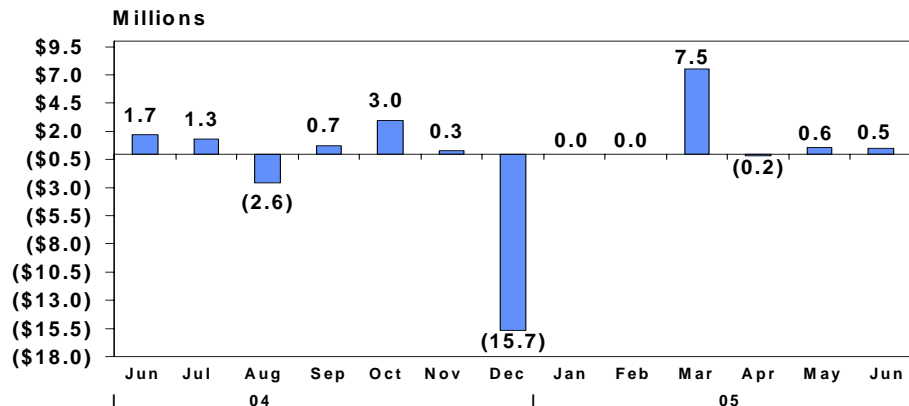
OPERATING EXPENSE

June 04 – June 05



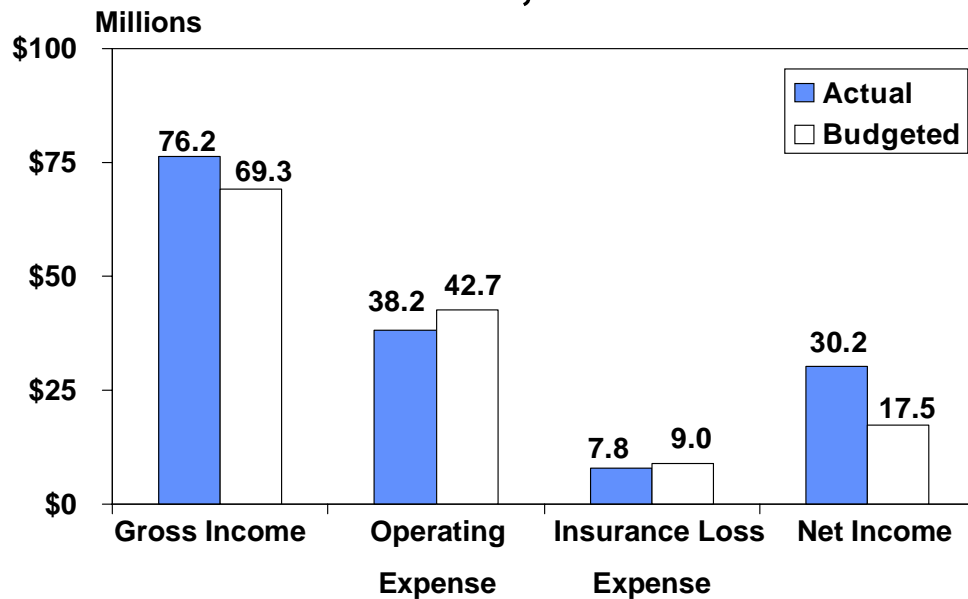
INSURANCE LOSS EXPENSE

June 04 – June 05



REVENUE AND EXPENSE

June 30, 2005



NCUSIF EQUITY RATIO

JUNE 30, 2005

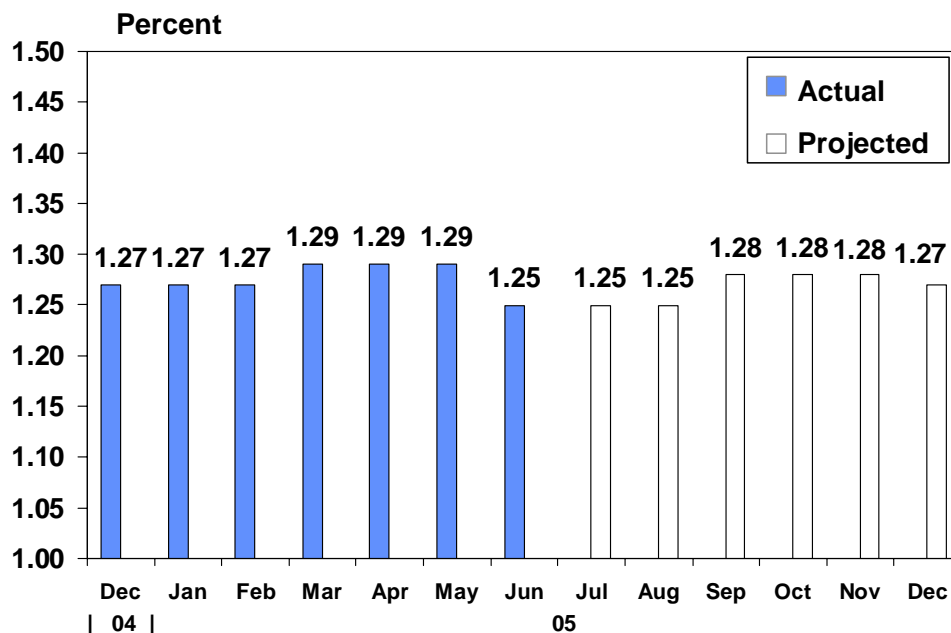
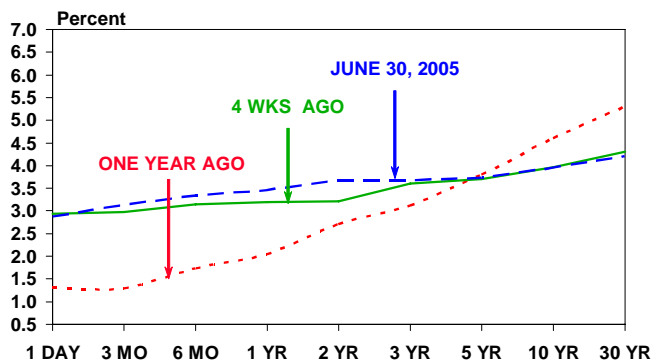


TABLE 4

INVESTMENT PORTFOLIO SUMMARYJune 30, 2005

I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$2,186,544,000	\$2,186,544,000	\$0	100.0%	3.03%
U.S. Treasury Notes	\$4,253,070,702	\$4,207,218,750	(\$45,851,952)	98.9%	2.37%
TOTAL	\$6,439,614,702	\$6,393,762,750	(\$45,851,952)	99.3%	2.59%
II. INVESTMENT PORTFOLIO PERFORMANCE					
	Last Month	Current Month	CY To Date	CY05 Projections	
Investment Yield	2.52%	2.56%	2.39%	2.75%	
Investment Income	\$13,955,593	\$13,732,902	\$75,891,990	138 Million	
Income Budgeted	\$11,500,000	\$11,500,000	\$69,000,000	138 Million	
Income/Budgeted Ratio	121.4%	119.4%	110.0%	100.00%	
Weighted Avg. Maturity in Days	308	287			
III. MONTHLY ACTIVITY					
Purchase	Type	Amount	Maturity	Yield	
TOTAL		\$0			
IV. MATURITY SCHEDULE (par value in millions)					
3 months or less	2,486.5				
3 months - 1 year	1,500.0				
1 year - 2 years	1,800.0				
2 years - 3 years	600.0				
3 years - 4 years	0.0				
TOTAL	\$6,386.5				

TREASURY YIELD CURVE



MATURITY SCHEDULE

June 30, 2005

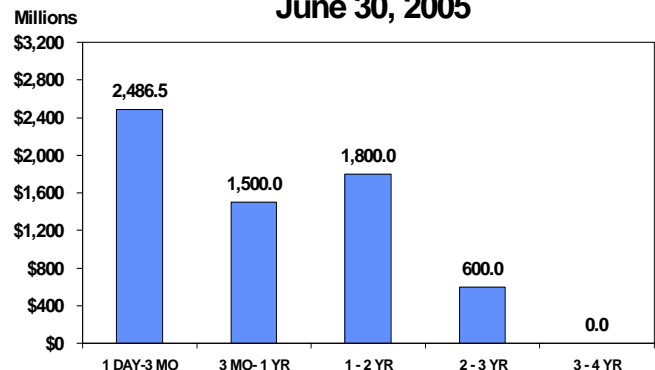


TABLE 5

MONTHLY YIELD COMPARISONS**June 30, 2005**

YIELD COMPARISONS								
	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
NCUSIF Yield	2.00%	2.01%	2.10%	2.27%	2.36%	2.43%	2.52%	2.56%
90 day T-Bill	2.21%	2.22%	2.50%	2.74%	2.78%	2.89%	2.97%	3.12%
1 year T-Bill	2.61%	2.75%	2.94%	3.19%	3.34%	3.33%	3.28%	3.45%
2 year T-Note	2.99%	3.08%	3.28%	3.58%	3.78%	3.65%	3.55%	3.67%
30 year T-Note	5.00%	4.84%	4.57%	4.72%	4.75%	4.51%	4.31%	4.21%

YIELD COMPARISONS

June 30, 2005

